

# EXHIBIT 4

Videotaped Deposition of

**Lucy P. Allen**

October 14, 2020

Grae

vs.

Corrections Corporation of America, et al.

**Confidential Pursuant to Protective Order**



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<p style="text-align: right;">Page 9</p> <p>1 have opinions that you can share about his</p> <p>2 rebuttal report that don't require you to go line</p> <p>3 by line through the report?</p> <p>4 MR. WHITWORTH: Object to the form.</p> <p>5 THE WITNESS: I'm not sure what you</p> <p>6 mean by that, in general do I have</p> <p>7 opinions that I can -- I mean, I don't --</p> <p>8 can I think of things off the top of my</p> <p>9 head that may not be comprehensive?</p> <p>10 Perhaps.</p> <p>11 BY MR. WOOD:</p> <p>12 Q. Sure. Let's -- let's do that.</p> <p>13 A. I have a copy of his report here.</p> <p>14 Shall I look at that? That might help me to --</p> <p>15 Q. No, I'm just interested in -- in --</p> <p>16 in -- in whether you have opinions about his</p> <p>17 report that you can share without going line by</p> <p>18 line through it, because I don't want to do that</p> <p>19 right now.</p> <p>20 A. Yeah, and I didn't mean that I would</p> <p>21 necessarily go line by line. I think at least</p> <p>22 looking at his report would -- would help me, if</p> <p>23 I could look at his -- the headings.</p> <p>24 Glancing at his report may be helpful</p> <p>25 to structure my comments.</p>	<p style="text-align: right;">Page 11</p> <p>1 A. I had a team and in your office</p> <p>2 helped me in the preparation of my reports,</p> <p>3 correct.</p> <p>4 Q. And -- and they helped write some of</p> <p>5 it too, right?</p> <p>6 A. I don't know if I would say they</p> <p>7 helped write it. They helped in the drafting</p> <p>8 process. The -- the content of the report and</p> <p>9 the opinions and findings are my own. I had a</p> <p>10 team that assisted me.</p> <p>11 Q. Okay. And can you tell us the names</p> <p>12 of the folks that were on that team, please?</p> <p>13 A. Yeah. So the primary people</p> <p>14 assisting me in preparing the reports -- and I am</p> <p>15 assuming you're talking about there are two</p> <p>16 reports that I have done in this loss causation</p> <p>17 and damages phase.</p> <p>18 Are those the reports you're</p> <p>19 referring to? I think you previously deposed me</p> <p>20 on prior reports.</p> <p>21 Q. Right, just the -- the 2020 reports,</p> <p>22 for lack of a better term.</p> <p>23 A. Okay. Jorge Baez, Agastya Shastri,</p> <p>24 Jake Brekelbaum, Andrei Boiko were the primary</p> <p>25 members assisting me in -- in this work.</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. Okay. Well, that's an exhibit that</p> <p>2 we're going to look at later, so I'm -- I'm happy</p> <p>3 to -- to do that later in the deposition.</p> <p>4 How much --</p> <p>5 MS. REPORTER: Counsel, can we go</p> <p>6 off the record?</p> <p>7 MR. WOOD: Sure.</p> <p>8 VIDEO OPERATOR: Okay. The time is</p> <p>9 10:07 a.m. and we're off the record.</p> <p>10 (Thereupon, a discussion was had off</p> <p>11 the record.)</p> <p>12 VIDEO OPERATOR: The time is</p> <p>13 10:09 a.m. and we're on the record.</p> <p>14 MR. WHITWORTH: Just for the</p> <p>15 record, defense objected to the previous</p> <p>16 question by Mr. Wood.</p> <p>17 BY MR. WOOD:</p> <p>18 Q. Ms. Allen, how -- how much time did</p> <p>19 you personally spend on the reports in this case</p> <p>20 that you issued this year?</p> <p>21 A. I would estimate between the reports,</p> <p>22 as well as some time for preparation for today,</p> <p>23 about 100 hours.</p> <p>24 Q. And there were folks that helped you</p> <p>25 write your report, right?</p>	<p style="text-align: right;">Page 12</p> <p>1 Q. Any folks that you can recall who</p> <p>2 assisted you that were not the primary folks?</p> <p>3 A. Yeah. So I had a -- I had a peer</p> <p>4 review of my report which was done by a colleague</p> <p>5 at NERA that did not work on the report, Dave</p> <p>6 Tabak.</p> <p>7 I don't recall others, but I</p> <p>8 wouldn't -- there may have been others that had</p> <p>9 helped with certain parts or checking, but not</p> <p>10 specifically that I recall.</p> <p>11 Q. Okay. Do you -- do you have a copy</p> <p>12 of your August 7th -- so we have a binder that we</p> <p>13 sent to you, which I believe will get delivered</p> <p>14 in the next 40 minutes, which has copies of some</p> <p>15 documents. So hopefully that will help in a</p> <p>16 little bit, but I -- I'm going to introduce your</p> <p>17 report as an exhibit.</p> <p>18 MR. WOOD: This is tab 2 in the</p> <p>19 documents that we sent to Aptus. And I</p> <p>20 think we're starting Exhibit 534. So</p> <p>21 if -- if Aptus wants to share that.</p> <p>22 BY MR. WOOD:</p> <p>23 Q. But I was going to say, Ms. Allen, if</p> <p>24 you have a copy of your -- a hard copy of your --</p> <p>25 your August 7th expert report in front of you,</p>

<p style="text-align: right;">Page 37</p> <p>1 <b>dismiss.</b></p> <p>2 A. I do recall that. And I do -- I have</p> <p>3 that now as one of the alleged</p> <p>4 misrepresentations.</p> <p>5 As I recall, it was not in the</p> <p>6 section of the complaint that lists the</p> <p>7 categories and types of misrepresentations. It</p> <p>8 was somewhere else in the complaint.</p> <p>9 So if you looked at the -- no, I</p> <p>10 don't have the complaint in front of me. And</p> <p>11 this was a while ago. But as I recall, the</p> <p>12 headings and the categories of the complaint made</p> <p>13 clear that the alleged misrepresentations were in</p> <p>14 one section and the one that you told me that I</p> <p>15 had omitted was somewhere else.</p> <p>16 So it was not contained within what</p> <p>17 would -- would organizationally and normally been</p> <p>18 the section that you listed all the alleged</p> <p>19 misrepresentations.</p> <p>20 And if you look at Appendix C to my</p> <p>21 report, I think you'll see that I have listed all</p> <p>22 the alleged misrepresentations and I've given</p> <p>23 them all numbers and they all cite to a similar</p> <p>24 area of the complaint, except for M30, which</p> <p>25 cites to paragraph 35.</p>	<p style="text-align: right;">Page 39</p> <p>1 and I have analyzed it in this report.</p> <p>2 It is not -- and you did bring this</p> <p>3 question up at my last deposition.</p> <p>4 <b>Q. Yeah, I -- I disagree that you've</b></p> <p>5 <b>analyzed it in the report. I don't think that's</b></p> <p>6 <b>true.</b></p> <p>7 <b>But I'm going to introduce your</b></p> <p>8 <b>supplemental report from 2018 -- and this is</b></p> <p>9 <b>tab 1 -- as Exhibit 536.</b></p> <p>10 MR. WOOD: If we could pull that</p> <p>11 up.</p> <p>12 (Thereupon, Allen Exhibit</p> <p>13 Number 536 was marked for</p> <p>14 identification.)</p> <p>15 THE WITNESS: November 2018, I have</p> <p>16 that.</p> <p>17 BY MR. WOOD:</p> <p>18 <b>Q. Yeah, November 21, 2018. Your --</b></p> <p>19 <b>yeah, if you've got a hard copy --</b></p> <p>20 A. Okay. Yep.</p> <p>21 <b>Q. I can't imagine --</b></p> <p>22 A. Yeah.</p> <p>23 <b>Q. -- we're going to have a dispute</b></p> <p>24 <b>about your report -- the -- the --</b></p> <p>25 A. Okay.</p>
<p style="text-align: right;">Page 38</p> <p>1 <b>Q. Right. But paragraph -- you -- you</b></p> <p>2 <b>agree, though, that paragraph 35 is not included</b></p> <p>3 <b>in Exhibit 1, right?</b></p> <p>4 MR. WHITWORTH: Object to the form.</p> <p>5 BY MR. WOOD:</p> <p>6 <b>Q. Let me -- let me ask a -- a -- a more</b></p> <p>7 <b>specific question, hopefully to avoid that</b></p> <p>8 <b>objection.</b></p> <p>9 <b>You -- you agree that the -- the --</b></p> <p>10 <b>literally the -- the characters paragraph symbol</b></p> <p>11 <b>and 35 do not appear in Exhibit 1, right?</b></p> <p>12 MR. WHITWORTH: Same objection.</p> <p>13 THE WITNESS: I believe that is</p> <p>14 correct.</p> <p>15 BY MR. WOOD:</p> <p>16 <b>Q. And so --</b></p> <p>17 A. And, again, I mean, just -- you</p> <p>18 have -- plaintiffs have written a complaint where</p> <p>19 all of the alleged misrepresentations are under a</p> <p>20 category that -- a heading that has that. And</p> <p>21 the -- the one that you are asking about and that</p> <p>22 you asked me about previously was not listed</p> <p>23 there.</p> <p>24 So it's a -- it's a -- I -- I have --</p> <p>25 I have considered that alleged misrepresentation</p>	<p style="text-align: right;">Page 40</p> <p>1 <b>Q. Yeah.</b></p> <p>2 <b>But they have put it in the -- in the</b></p> <p>3 <b>chat here if you want to just pull up what's in</b></p> <p>4 <b>the chat box and confirm that Exhibit 536 is your</b></p> <p>5 <b>November 21, 2018 report.</b></p> <p>6 A. Okay. Yeah, I guess it takes awhile</p> <p>7 to open these chats.</p> <p>8 <b>Q. Yeah.</b></p> <p>9 A. Yeah, that looks right.</p> <p>10 <b>Q. And if you turn to paragraph 23 on</b></p> <p>11 <b>page 11 of your prior report --</b></p> <p>12 A. I'm sorry. Look at where?</p> <p>13 <b>Q. It's -- well, it's starting on</b></p> <p>14 <b>paragraph 23 on page 11 of your report.</b></p> <p>15 A. This earlier report, okay.</p> <p>16 <b>Q. Right, the -- Exhibit 536, the</b></p> <p>17 <b>November 21, 2018 report.</b></p> <p>18 <b>Are you on page 11?</b></p> <p>19 A. Yes.</p> <p>20 <b>Q. And you see on page 11 and going into</b></p> <p>21 <b>page 12, this report mentions -- well, it's the</b></p> <p>22 <b>same thing we were just talking about, right,</b></p> <p>23 <b>where on paragraph 24 you say that this March 30,</b></p> <p>24 <b>2016 statement is -- is not in the section with</b></p> <p>25 <b>the other false statements, right?</b></p>

<p style="text-align: right;">Page 49</p> <p>1 So it's not to say that I haven't</p> <p>2 analyzed it, but the way you wrote your</p> <p>3 complaint, you have a large section labeled</p> <p>4 alleged misstatements and omissions. It goes</p> <p>5 chronologically through all the various</p> <p>6 statements and it claims what is -- what -- there</p> <p>7 are -- I think it's something like four</p> <p>8 categories of -- of types of issues that you say</p> <p>9 are wrong with each of these statements.</p> <p>10 And you did not put that statement in</p> <p>11 that whole section of your complaint. So I</p> <p>12 just -- you know, organizationally I didn't know</p> <p>13 what to do with it. You didn't -- you didn't put</p> <p>14 it in your section. You didn't have a -- a</p> <p>15 description of why it was false and misleading.</p> <p>16 <b>Q. Okay. So even though the court</b></p> <p>17 <b>relies on paragraph 35 in denying the defendants'</b></p> <p>18 <b>motion to dismiss, even though I accused you of</b></p> <p>19 <b>ignoring paragraph 35 in your class cert report</b></p> <p>20 <b>and you subsequently addressed it in your</b></p> <p>21 <b>previous supplemental report, it's still not in</b></p> <p>22 <b>Exhibit 1, right?</b></p> <p>23 MR. WHITWORTH: Object to the form.</p> <p>24 THE WITNESS: I have explained to</p> <p>25 you it is -- it is analyzed in my report.</p>	<p style="text-align: right;">Page 51</p> <p>1 claims. I have reviewed the judge's</p> <p>2 decision. And your -- your question about</p> <p>3 my table 1 is really a question about why</p> <p>4 did you write the -- if this was such an</p> <p>5 important alleged misstatement, why is it</p> <p>6 not under your section of misstatements and</p> <p>7 why did you not say in the complaint a</p> <p>8 category and -- or set of categories of what</p> <p>9 made this particular statement false or</p> <p>10 misleading.</p> <p>11 So that's what Exhibit 1 is doing.</p> <p>12 It's just reorganizing what you have alleged</p> <p>13 in the complaint.</p> <p>14 BY MR. WOOD:</p> <p>15 <b>Q. Is there anywhere in your August</b></p> <p>16 <b>report, anywhere, that you cite to paragraph 35,</b></p> <p>17 <b>other than in M30 or whichever one it is of the</b></p> <p>18 <b>alleged misrepresentations?</b></p> <p>19 MR. WHITWORTH: Object to the form.</p> <p>20 You're -- you're still just talking about</p> <p>21 the numbered paragraph 35?</p> <p>22 MR. WOOD: Yep.</p> <p>23 MR. WHITWORTH: Okay.</p> <p>24 THE WITNESS: So I see it cited</p> <p>25 twice, for example, on page 24 of</p>
<p style="text-align: right;">Page 50</p> <p>1 It is mentioned as an alleged</p> <p>2 misrepresentation in my report.</p> <p>3 It does not fit into category 1</p> <p>4 because of the way that you wrote your</p> <p>5 complaint. You have a section that's called</p> <p>6 something like alleged misstatements and</p> <p>7 omissions. It goes on and on for pages.</p> <p>8 And for each alleged misstatement in your</p> <p>9 complaint, you say why you claim that</p> <p>10 alleged statement is false or misleading.</p> <p>11 What -- what Exhibit 1 does is take</p> <p>12 each of the reasons that you say that the</p> <p>13 alleged misstatements are false and</p> <p>14 misleading and rather than doing it as -- in</p> <p>15 the order that you have done it, which is by</p> <p>16 misstatement, it takes each category of --</p> <p>17 of misstatement and puts them by category.</p> <p>18 You did not categorize the -- the</p> <p>19 sentence or sentences in paragraph 35 and</p> <p>20 say why they were allegedly false or</p> <p>21 misleading, so it does not fit into</p> <p>22 Exhibit 1. Exhibit 1 is putting your claims</p> <p>23 of why statements are allegedly false and</p> <p>24 misleading into a -- a table.</p> <p>25 So I feel the -- I have analyzed your</p>	<p style="text-align: right;">Page 52</p> <p>1 Appendix C.</p> <p>2 BY MR. WOOD:</p> <p>3 <b>Q. Right.</b></p> <p>4 A. I don't believe so. I don't see</p> <p>5 other of the alleged misrepresentations being</p> <p>6 cited multiple times either, though, so --</p> <p>7 <b>Q. Isn't it true, Ms. Allen, that you</b></p> <p>8 <b>intentionally ignored the statement in</b></p> <p>9 <b>paragraph 35 in your class cert report and in</b></p> <p>10 <b>this report because if you had actually analyzed</b></p> <p>11 <b>it, it would have undermined your conclusions?</b></p> <p>12 MR. WHITWORTH: Object to the form.</p> <p>13 THE WITNESS: Absolutely not true.</p> <p>14 BY MR. WOOD:</p> <p>15 <b>Q. Can you point me to anywhere in your</b></p> <p>16 <b>August 2020 report where you analyze the</b></p> <p>17 <b>statements in paragraph 35?</b></p> <p>18 MR. WHITWORTH: Object to the form.</p> <p>19 You still don't want to show her the</p> <p>20 statements in paragraph 35?</p> <p>21 MR. WOOD: No, that's fine.</p> <p>22 Let's introduce the complaint. So</p> <p>23 it's tab 11. And tab 11's going to be</p> <p>24 Exhibit 538.</p> <p>25</p>

<p style="text-align: right;">Page 61</p> <p><b>1 Q. And -- but you agree that the last</b>  <b>2 time I deposed you in this case I criticized you</b>  <b>3 for not analyzing paragraph 35 in your class</b>  <b>4 certification report, right?</b></p> <p>5 MR. WHITWORTH: Object to the form.  6 THE WITNESS: You criticized me for  7 not listing it as an alleged  8 misrepresentation. I don't believe I said  9 I didn't analyze it. I have listed it and  10 analyzed it in my reports on damages and  11 loss causation.  12 BY MR. WOOD:</p> <p><b>13 Q. Well, in your initial report you were</b>  <b>14 looking at the alleged misstatements and you were</b>  <b>15 looking at whether or not there was any price</b>  <b>16 impact attributable to the alleged misstatements</b>  <b>17 in your class cert report, right?</b></p> <p>18 MR. WHITWORTH: Object to the form.  19 THE WITNESS: I was analyzing price  20 impact from the alleged misstatements in  21 my first report, that's correct.  22 BY MR. WOOD:</p> <p><b>23 Q. And -- but you didn't analyze price</b>  <b>24 impact in paragraph 35, which is why -- in your</b>  <b>25 opening report, which I criticized you for, and</b></p>	<p style="text-align: right;">Page 63</p> <p>1 findings about whether plaintiffs' experts'  2 claims are consistent with their claim of market  3 efficiency. I have not been asked to analyze,  4 nor have I, whether CoreCivic stock was efficient  5 during the class period.  <b>6 Q. Okay. And so just to be clear,</b>  <b>7 because you haven't been asked to analyze whether</b>  <b>8 CoreCivic's stock was efficient during the class</b>  <b>9 period, you don't have an opinion on whether</b>  <b>10 CoreCivic's stock was efficient during the class</b>  <b>11 period, right?</b></p> <p>12 A. I don't have a finding on whether it  13 was a -- yeah, I think that's correct.  <b>14 Q. Okay. And in Mr. Dalrymple's opening</b>  <b>15 report in this case, his August 2020 report, he</b>  <b>16 has a -- a -- a section in one of his appendices</b>  <b>17 on market efficiency.</b>  <b>18 Do you remember that?</b></p> <p>19 A. I have his report.  <b>20 Q. Let's -- well, let -- if you're going</b>  <b>21 to look at something, let's -- let's introduce it</b>  <b>22 into evidence, because I don't want to just look</b>  <b>23 at random documents --</b>  24 A. Okay.  <b>25 Q. -- separately.</b></p>
<p style="text-align: right;">Page 62</p> <p><b>1 that's why you did it in your supplemental report</b>  <b>2 that we just looked at for the class cert, right?</b></p> <p>3 A. So I'm not sure I'm going to agree  4 with your characterization of that. I think I  5 did analyze it. I think I didn't list it as an  6 alleged misrepresentation because, again, it was  7 not under the -- the section called Defendants  8 made numerous fraudulent statements and omissions  9 during the class period.  <b>10 Q. All right. We'll --</b>  11 A. And it was under the background  12 section.  <b>13 Q. We will let the reports --</b>  14 A. And -- and so what I say in my  15 supplemental report is there was no new  16 information in the March 30th statement that was  17 not already included in plaintiffs' other alleged  18 misrepresentations and not already analyzed in  19 the Allen report.  <b>20 Q. All right. We'll let the reports</b>  <b>21 speak for themselves.</b>  <b>22 Do you have an opinion on market</b>  <b>23 efficiency in this case?</b>  24 A. I have not been asked to -- I guess  25 the question is -- is whether -- I have some</p>	<p style="text-align: right;">Page 64</p> <p>1 MR. WOOD: So why don't we  2 introduce tab 4, which is going to be  3 Exhibit 538 (sic).  4 VIDEO OPERATOR: Are you sure it's  5 not going to be 539?  6 MR. WOOD: No, I am not sure about  7 that.  8 VIDEO OPERATOR: I think it's 539.  9 MR. WOOD: All right. That's good.  10 Let's do 539.  11 (Thereupon, Allen Exhibit  12 Number 539 was marked for  13 identification.)  14 BY MR. WOOD:  <b>15 Q. Ms. Allen, if you want to take a look</b>  <b>16 at 539 and confirm that that's Mr. Dalrymple's</b>  <b>17 August 7, 2020 report.</b>  18 A. Yes.  <b>19 Q. All right. And if you'd go to</b>  <b>20 Mr. Dalrymple's Appendix C, which starts on</b>  <b>21 page 57 of the PDF, and --</b>  22 A. So E like Edward or --  <b>23 Q. C like Chris.</b>  24 A. Okay.  25 Yes.</p>



<p style="text-align: right;">Page 93</p> <p>1 A. Yes.</p> <p>2 <b>Q. And the Yates memo was new news,</b></p> <p>3 <b>right?</b></p> <p>4 MR. WHITWORTH: Object to the form.</p> <p>5 THE WITNESS: I'm not sure exactly</p> <p>6 what you mean by that, but when the --</p> <p>7 when the Yates memo came out and it was</p> <p>8 public on this date, it was news to the</p> <p>9 market, yeah.</p> <p>10 BY MR. WOOD:</p> <p>11 <b>Q. And the -- well, the -- the</b></p> <p>12 <b>announcement that the BOP was going to reduce and</b></p> <p>13 <b>eliminate the use of private prisons, that was</b></p> <p>14 <b>new news, right? That hadn't been previously</b></p> <p>15 <b>announced?</b></p> <p>16 A. I don't know if it says they're going</p> <p>17 to eliminate. It says reducing our use of</p> <p>18 private prisons. I'm not sure it says they will</p> <p>19 eliminate it, but --</p> <p>20 <b>Q. All right. Well, let's -- if you</b></p> <p>21 <b>look at page -- the top of page 2 of the Yates</b></p> <p>22 <b>memo, it says, For all these reasons, I'm eager</b></p> <p>23 <b>to enlist your help in beginning the process of</b></p> <p>24 <b>reducing and ultimately ending our use of</b></p> <p>25 <b>privately operated prisons.</b></p>	<p style="text-align: right;">Page 95</p> <p>1 level of correctional services, programs and</p> <p>2 resources?</p> <p>3 <b>Q. Yep.</b></p> <p>4 A. That -- that information was known.</p> <p>5 They -- they don't provide the same. They're not</p> <p>6 even -- they're not asked to provide the same.</p> <p>7 So that's -- that's -- that's just known</p> <p>8 information. I don't think the -- I think the --</p> <p>9 they're contracting for different services.</p> <p>10 <b>Q. So you say that was known information</b></p> <p>11 <b>based on the contracts for the private prisons?</b></p> <p>12 MR. WHITWORTH: Object to the form.</p> <p>13 THE WITNESS: I say that it was</p> <p>14 known that the private prisons had</p> <p>15 different services and programs and</p> <p>16 resources than other prisons.</p> <p>17 BY MR. WOOD:</p> <p>18 <b>Q. And -- and, again -- and how -- how</b></p> <p>19 <b>was that known?</b></p> <p>20 A. I think that was known for many</p> <p>21 reasons. I think they -- well, I'm quite sure</p> <p>22 that's something I address in my report. They</p> <p>23 just have different services that they're</p> <p>24 providing. They're different types of prisons</p> <p>25 with different populations providing different</p>
<p style="text-align: right;">Page 94</p> <p>1 <b>Do you see that?</b></p> <p>2 A. Yeah.</p> <p>3 <b>Q. And that -- that was new news, right?</b></p> <p>4 <b>That hadn't been said by the DOJ before, right?</b></p> <p>5 A. Which part of the sentence?</p> <p>6 <b>Q. Whole -- whole -- the whole --</b></p> <p>7 A. That sentence or --</p> <p>8 <b>Q. The whole sentence.</b></p> <p>9 A. I mean, no. This says, I am eager to</p> <p>10 enlist your help in beginning the process of</p> <p>11 reducing, but -- yes, I think that's new.</p> <p>12 <b>Q. Okay. On page 1, the last paragraph,</b></p> <p>13 <b>it says, Private prisons served an important role</b></p> <p>14 <b>during a difficult period, but time has shown</b></p> <p>15 <b>that they compare poorly to our own Bureau</b></p> <p>16 <b>facilities.</b></p> <p>17 <b>And then it -- the first clause after</b></p> <p>18 <b>that says, They simply do not provide the same</b></p> <p>19 <b>level of correctional services, programs and</b></p> <p>20 <b>resources.</b></p> <p>21 <b>Do you see that?</b></p> <p>22 A. Yes.</p> <p>23 <b>Q. Now, had -- had the DOJ said that</b></p> <p>24 <b>before?</b></p> <p>25 A. That they don't provide the same</p>	<p style="text-align: right;">Page 96</p> <p>1 services.</p> <p>2 <b>Q. Where -- where is that in your</b></p> <p>3 <b>report?</b></p> <p>4 A. Well, I don't -- I'm pretty sure it's</p> <p>5 in my earlier report as well. I -- I don't think</p> <p>6 that any of your experts have disputed that they</p> <p>7 provide different services. But I'm not finding</p> <p>8 where I say that in my report.</p> <p>9 <b>Q. Okay. Would you turn to page 29 of</b></p> <p>10 <b>your report?</b></p> <p>11 A. Sure. Oh, I'm right there.</p> <p>12 <b>Q. Okay. You say in paragraph 49 that</b></p> <p>13 <b>the plain language of the Yates memo indicates</b></p> <p>14 <b>that it did not rely on any newer or more current</b></p> <p>15 <b>data than the OIG report.</b></p> <p>16 <b>Do you see that?</b></p> <p>17 A. Yes.</p> <p>18 <b>Q. How -- so my question to you is what</b></p> <p>19 <b>did the Yates memo rely on in reaching its</b></p> <p>20 <b>conclusions in paragraph 3 that we just looked</b></p> <p>21 <b>at?</b></p> <p>22 A. I -- so when I'm saying the plain</p> <p>23 language, I'm saying you read the language and</p> <p>24 see what they say -- what the memo references and</p> <p>25 relies upon.</p>

<p style="text-align: right;">Page 113</p> <p>1 CoreCivic.</p> <p>2 So I have seen the information that</p> <p>3 plaintiffs and their experts have put forward --</p> <p>4 <b>Q. I'm just --</b></p> <p>5 A. -- and the -- the -- the information</p> <p>6 is not -- I haven't seen information that's</p> <p>7 consistent with the claims. So I can't say that</p> <p>8 I -- I do know definitively what happened, but I</p> <p>9 can say that I have reviewed all the materials</p> <p>10 that plaintiffs and their economic experts have</p> <p>11 put forward supporting plaintiffs' claim and --</p> <p>12 and I don't see that supporting that claim.</p> <p>13 So I have -- I -- so I have some</p> <p>14 information on that to the extent that you think</p> <p>15 the information that you've put forward supports</p> <p>16 it.</p> <p>17 <b>Q. Have you reviewed plaintiffs' summary</b></p> <p>18 <b>judgment papers?</b></p> <p>19 A. When would those have been filed?</p> <p>20 <b>Q. Well, we --</b></p> <p>21 A. If they're in my materials</p> <p>22 considered, then --</p> <p>23 <b>Q. No, we -- we haven't filed them.</b></p> <p>24 <b>And -- and so you don't know what evidence</b></p> <p>25 <b>plaintiffs have to support the notion that the</b></p>	<p style="text-align: right;">Page 115</p> <p>1 <b>Q. How did the market go about reaching</b></p> <p>2 <b>an understanding as to whether the Yates memo was</b></p> <p>3 <b>driven by politics or driven by quality and cost</b></p> <p>4 <b>issues?</b></p> <p>5 MR. WHITWORTH: Object to the form.</p> <p>6 THE WITNESS: The market reacts,</p> <p>7 particularly in an efficient market, which</p> <p>8 is what plaintiffs have claimed, to the</p> <p>9 public information that is out there,</p> <p>10 including, you know, the reading of the</p> <p>11 Sally Yates memo, and the market can have</p> <p>12 its own plain English understanding of</p> <p>13 what words mean.</p> <p>14 And after that same reading of that</p> <p>15 memo, the -- my plain English understanding</p> <p>16 of those words is consistent with analyst</p> <p>17 commentary and other market commentary.</p> <p>18 How the market reacts to information</p> <p>19 is -- they're -- you know, the -- the</p> <p>20 market -- efficient market, there's --</p> <p>21 there's lots of forces that to the extent</p> <p>22 money can be made by figuring something out</p> <p>23 and figuring out what's driving, you know,</p> <p>24 where the market will go, there's a lot of</p> <p>25 incentive to try to uncover information.</p>
<p style="text-align: right;">Page 114</p> <p>1 <b>Yates memo was actually driven by cost and</b></p> <p>2 <b>quality, right?</b></p> <p>3 MR. WHITWORTH: I'll object to the</p> <p>4 form.</p> <p>5 Actually, withdrawn.</p> <p>6 THE WITNESS: Oh. I -- I -- I</p> <p>7 don't know what's in a motion that you</p> <p>8 have not yet filed.</p> <p>9 BY MR. WOOD:</p> <p>10 <b>Q. I -- I agree with that. That's</b></p> <p>11 <b>something we can agree on. Let me ask maybe a</b></p> <p>12 <b>simpler question:</b></p> <p>13 <b>You were not asked by the defendants</b></p> <p>14 <b>to reach an opinion on what cause -- on what</b></p> <p>15 <b>caused the policy shift that is articulated in</b></p> <p>16 <b>the Yates memo; is that fair?</b></p> <p>17 A. I believe that's correct. I was, at</p> <p>18 least for this report that we're talking about</p> <p>19 now, asked to -- yes, that's correct.</p> <p>20 <b>Q. Have you -- okay. I think we</b></p> <p>21 <b>established a few minutes ago that you concluded</b></p> <p>22 <b>that the market believed the Yates memo to signal</b></p> <p>23 <b>a shift in policy driven by politics, right?</b></p> <p>24 <b>That's what you say in your report?</b></p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 116</p> <p>1 So finding out how companies are</p> <p>2 really doing and what really might happen is</p> <p>3 something that the -- that's one of the</p> <p>4 reasons the market is efficient, is people</p> <p>5 trying to make money off of trading the</p> <p>6 stock. And to the extent that they can, you</p> <p>7 know, find out what's really going on or</p> <p>8 figure out, you know, where things -- what</p> <p>9 will happen in the future to stock prices,</p> <p>10 then, you know, you can -- you can get rich</p> <p>11 like that.</p> <p>12 So that's what -- market forces make</p> <p>13 this -- make public information and the</p> <p>14 expectation of you know, discounted value of</p> <p>15 future cash flows incorporated into the</p> <p>16 stock price. And that's what -- that's</p> <p>17 where the whole fraud on the market theory</p> <p>18 and the market efficiency, you know, comes</p> <p>19 into play, is that these forces make the</p> <p>20 market react to public information very</p> <p>21 quickly.</p> <p>22 BY MR. WOOD:</p> <p>23 <b>Q. One -- one possible, you know, data</b></p> <p>24 <b>point that a securities analyst might rely on in</b></p> <p>25 <b>figuring out, you know, what was driving this</b></p>



<p style="text-align: right;">Page 117</p> <p>1 policy shift would be statements by CoreCivic  2 itself, right?  3 A. Possibly. I mean, I think this --  4 first of all, this memo is not directed at  5 CoreCivic. It's at other -- it affects all of  6 the private prisons and it's expected to affect  7 all of the private prisons.  8 Q. You --  9 A. You know, I'm not sure why -- I --  10 I'm not sure why specifically the market or  11 analysts would think that CoreCivic would have  12 specific insight into this, but sure. I don't  13 know, you know.  14 Q. And you -- you agree, right, that  15 the -- the only facility that is specifically  16 referred to in the Yates memo is a CoreCivic  17 facility, right?  18 MR. WHITWORTH: Object to the form.  19 THE WITNESS: Oh. You mean they  20 mention a CoreCivic facility by name?  21 Well, they don't mention -- I mean,  22 they're talking about reducing our use of  23 private prisons. I don't think that  24 anyone thought this was specifically  25 directed at CoreCivic.</p>	<p style="text-align: right;">Page 119</p> <p>1 BY MR. WOOD:  2 Q. Okay. And so you -- you see in the  3 second sentence it says, Three weeks ago, the  4 Bureau declined to renew a contract for  5 approximately 1200 beds.  6 Do you see that?  7 A. Yes.  8 Q. And you understand that that's  9 referring to a specific core -- CoreCivic  10 facility, right?  11 A. Yes, I believe that's a Cibola --  12 Q. Right. Okay.  13 A. -- facility.  14 Q. I want to ask you about a specific  15 case, which is a broader --  16 MS. REPORTER: I'm sorry? Please  17 repeat that.  18 MR. WOOD: Sure.  19 Let's turn to tab 13 in the binder.  20 And if we could mark that as Exhibit 541.  21 (Thereupon, Allen Exhibit  22 Number 541 was marked for  23 identification.)  24 BY MR. WOOD:  25 Q. And tab 13 is -- is a case from the</p>
<p style="text-align: right;">Page 118</p> <p>1 BY MR. WOOD:  2 Q. Well, if you look at page 2 of the  3 Yates memo in -- in the second paragraph, you see  4 it says, I am aware that the Bureau is already  5 taking steps in this direction.  6 Do you see that?  7 A. Yes.  8 Q. And then it says, Three weeks ago,  9 the Bureau declined to renew a contract for  10 approximately 1200 beds.  11 Do you see that?  12 A. Yes.  13 VIDEO OPERATOR: Okay. I'm sorry  14 to interrupt right now, but Lucy, you're  15 going to have to angle your camera away  16 from that window because it's making you  17 go dark.  18 Thank you.  19 THE WITNESS: Oh, sorry. I don't  20 know what's going on.  21 VIDEO OPERATOR: It's good now.  22 THE WITNESS: Is that better?  23 VIDEO OPERATOR: Yes.  24 THE WITNESS: Sorry about that.  25</p>	<p style="text-align: right;">Page 120</p> <p>1 Sixth Circuit, which is obviously the Court of  2 Appeals --  3 A. Can I just -- can I just interrupt  4 you for a second?  5 Q. Yes.  6 A. I'm just -- so they mention the -- I  7 guess with Cibola and then they talk about  8 amending an existing contract, which I think is a  9 GEO contract.  10 Q. Well, if that's your testimony,  11 that's fine.  12 So Exhibit 541 -- it's tab 13 in  13 the -- the binder --  14 A. Okay.  15 MR. WOOD: Let me make sure this is  16 coming up.  17 MR. WHITWORTH: At least when I  18 click on the link it's just the Yates  19 memo.  20 MR. WOOD: Yeah.  21 Carrie, I think you need to fix that.  22 VIDEO OPERATOR: Yes. One second.  23 I'm sorry. Those copy links aren't  24 wanting to go right.  25 MR. WOOD: That's okay.</p>

<p style="text-align: right;">Page 129</p> <p>1 language reading, let's say, of footnote 5, it's</p> <p>2 saying that a materialization of the risk theory</p> <p>3 is where the truth doesn't need to be expressly</p> <p>4 disclosed, but the risk that was concealed is</p> <p>5 disclosed instead, which leads to a stock drop,</p> <p>6 right?</p> <p>7 MR. WHITWORTH: Object to that</p> <p>8 mischaracterization of the court order.</p> <p>9 THE WITNESS: So I think what it</p> <p>10 says is you might not have known that</p> <p>11 there was a defect, but, instead, you see</p> <p>12 the failures that are caused by the</p> <p>13 defect.</p> <p>14 BY MR. WOOD:</p> <p>15 <b>Q. And that that is the equivalent of a</b></p> <p>16 <b>corrective disclosure, right?</b></p> <p>17 A. I don't think it says that, no. Oh,</p> <p>18 it does. The materialization -- well, it -- it</p> <p>19 doesn't particularly say that that is that. It</p> <p>20 does -- it does say that even without an express</p> <p>21 acknowledgment, the materialization would serve</p> <p>22 as the equivalent of a corrective disclosure.</p> <p>23 <b>Q. And that -- that makes sense to you</b></p> <p>24 <b>from an economics perspective, right?</b></p> <p>25 A. What?</p>	<p style="text-align: right;">Page 131</p> <p>1 this, but --</p> <p>2 <b>Q. Okay. But even if the company</b></p> <p>3 <b>doesn't admit that their cars blow up, the very</b></p> <p>4 <b>fact that they are blowing up is corrective,</b></p> <p>5 <b>right?</b></p> <p>6 A. Yes, I -- I agree with that. I don't</p> <p>7 think that -- that -- that does not work well</p> <p>8 with your CoreCivic example, but okay.</p> <p>9 <b>Q. Yeah, we'll have to agree to disagree</b></p> <p>10 <b>on that, but I -- I appreciate your answer.</b></p> <p>11 <b>So --</b></p> <p>12 A. So in the CoreCivic answer, here</p> <p>13 you're finding that the product fails. In the</p> <p>14 CoreCivic, what your second economic expert said</p> <p>15 is that the fact that analysts cited CoreCivic's</p> <p>16 cost and quality as evidence that that was</p> <p>17 important to the value proposition. And those --</p> <p>18 the -- the market continued to think that</p> <p>19 CoreCivic's cost and quality was good after the</p> <p>20 end of the class period.</p> <p>21 So none of your experts have found</p> <p>22 any change in the analysts' view of the company's</p> <p>23 cost and quality. So to the extent that the --</p> <p>24 the -- the misrepresentations were</p> <p>25 misrepresenting the cost and quality or hiding</p>
<p style="text-align: right;">Page 130</p> <p>1 <b>Q. The notion that the market could</b></p> <p>2 <b>react not just to an express admission that</b></p> <p>3 <b>something previously was false, but that the</b></p> <p>4 <b>market might learn that something was false</b></p> <p>5 <b>through something like a product defect.</b></p> <p>6 A. No, the product defect is what was</p> <p>7 concealed. So it's the failure that the market</p> <p>8 sees.</p> <p>9 <b>Q. Right. And so -- for example, let's</b></p> <p>10 <b>say a company says our cars never blow up, right,</b></p> <p>11 <b>and then the market -- just everyone is running</b></p> <p>12 <b>around and these cars are blowing up, right? The</b></p> <p>13 <b>market might see that and be like gee, their</b></p> <p>14 <b>statement that their cars never blow up appears</b></p> <p>15 <b>to be false because these cars are blowing up</b></p> <p>16 <b>everywhere, right?</b></p> <p>17 MR. WHITWORTH: Object to the form.</p> <p>18 THE WITNESS: Well, that seems like</p> <p>19 a -- a directly corrective statement. So</p> <p>20 the company says they don't blow up and</p> <p>21 then they do blow up. So that is actually</p> <p>22 correcting the false statement.</p> <p>23 BY MR. WOOD:</p> <p>24 <b>Q. Right.</b></p> <p>25 A. I don't think that's analogous to</p>	<p style="text-align: right;">Page 132</p> <p>1 performance features, operating performance of</p> <p>2 the company, that is not something the market</p> <p>3 ever learned.</p> <p>4 Whereas, in this example that the</p> <p>5 judge decided the -- the market is actually</p> <p>6 learning of product failures. The product is</p> <p>7 actually not working and they have a -- a worse</p> <p>8 view of the product.</p> <p>9 Here, the market does not have a</p> <p>10 worse view of CoreCivic's product and there's no</p> <p>11 evidence that the market has a worse view of</p> <p>12 CoreCivic's product.</p> <p>13 <b>Q. The market did, however, after the</b></p> <p>14 <b>Yates memo reevaluate and adjust its expectations</b></p> <p>15 <b>with respect to future revenues from BOP</b></p> <p>16 <b>contracts, right?</b></p> <p>17 A. As -- as -- as it did with its --</p> <p>18 the -- the same thing happened to its peer that</p> <p>19 was not allegedly misrepresenting their cost and</p> <p>20 quality. So to the extent you take out what's</p> <p>21 going on with the industry, you -- you see</p> <p>22 exactly the same effect with -- its peer company</p> <p>23 is also. And what the market is finding is not</p> <p>24 that there's a bad relationship with BOP or that</p> <p>25 there's worse cost and quality. They're thinking</p>